



UNISON briefing 30/10/2018

New data shows universal credit penalises single people and couples without children

UNISON and our 1.3 million members called for **all** workers to get the £1,000/year increase in the Universal Credit work allowance to ensure that no-one is left worse off.

Work allowances play a critical role in calculating how much Universal Credit people get. If the work allowance is not increased for single people and couples without children it is the Treasury – not low-paid workers – who will be the main beneficiaries of the increase in the *National Living Wage from £7.83/hour to £8.21/hour*.

According to DWP Stat Explore (June 2018) out of 882,788 households on Universal Credit, 571,751 were single people without children and a further 29,772 were couples without children. Those figures will increase as the roll out of the ‘UC full service’ to jobcentres continues.

Lower Work Allowance					Budget 2018
Single/couple no children					April 19
	April 2015	April 2016	April 2017	April 2018	April 19
National Living wage (hourly rate)	£6.50	£7.20	£7.50	£7.83	£8.21
Gross Income	£11,830.00	£13,104.00	£13,650.00	£14,250.60	£14,942.20
Tax	-£246.00	-£420.80	-£430.00	-£480.12	-£488.44
NI	-£452.40	-£605.28	-£658.32	-£699.19	-£757.22
Net income	£11,131.60	£12,077.92	£12,561.68	£13,071.29	£13,696.54
Monthly Universal Credit calculations					
Net income monthly	£927.63	£1,006.49	£1,046.81	£1,089.27	£1,141.38
Work Allowance	£111.00	£0.00	£0.00	£0.00	£0.00
Income less Work Allowance	£816.63	£1,006.49	£1,046.81	£1,089.27	£1,141.38
Taper 63% (65% before April 2017)	£530.81	£654.22	£659.49	£686.24	£719.07
Annual change in gross income		£1,274.00	£546.00	£600.60	£691.60
Annual change in income tax		-£174.80	-£9.20	-£50.12	-£8.32

Annual change in NI		-£152.88	-£53.04	-£40.87	-£58.03
Annual change in UC		-£1,480.91	-£63.21	-£321.05	-£393.91
Better off (per year)		-£534.59	£420.55	£188.55	£231.34

As the table above shows a single person or couple without children with one earner working 35 hours a week will see their gross pay increase by £3,112.20 Between April 2015 and April 2019.

But after the changes to income tax, national insurance and to Universal Credit work allowances (inclusive of changes announced yesterday) they will only actually see £305.86 of that £3,000 increase in their gross pay with the Treasury pocketing the rest (£2,806.34).

Without ensuring that the increase in work allowances applies equally to single people and couples without children the Chancellor will fail to meet the government's professed wish to let working people *"keep more of the money they earn"*.

It cannot be right that under the current system someone earning £1 million a year keeps 55p of every extra £1 they earn while someone on the *National Living Wage* only keeps just over 25p.

UNISON and our 1.3 million members calls for **all workers to get the £1,000/year increase in the Universal Credit work allowance** to ensure that no-one is left worse off. Please join with us, and add your voice to those calling for the increase in work allowances to apply to everyone in receipt of Universal Credit.